

# USDA



Committed to the future of rural communities.

Chad Padgett, Acting State Director



Committed to the future of rural communities.

# Business Programs

- Business and Industry Loan Guarantee
- Intermediary Relending Program
- Rural Business Enterprise Grant
- Rural Business Opportunity Grant
- Value Added Producer Grant
- Renewable Energy/Energy Efficiency Program

# Business and Industry Guaranteed Loan Program

- *Intent*
  - Improve the economic climate in rural communities through development or expansion of business and industry and enhancement of employment opportunity.
- *How achieved*
  - By bolstering the existing private credit market through the guarantee of quality loans which will provide lasting community benefits.

# Business and Industry Guaranteed Loan Program



# Business and Industry Guaranteed Loan Program

- Business and Industry Loan Guarantee
  - Guarantee loans made by commercial lenders
  - Most businesses qualify
  - Reduced fee for businesses located in areas not connected to the road system
  - Maximum loan \$25,000,000

# Intermediary Relending Program

- Non-profits, public bodies, Native Tribes
- Money used to establish a revolving loan fund
- RLF makes loans to private businesses that cannot qualify for commercial credit
- Intermediary sets rate and term for loans

# Rural Business Enterprise Grant Program

- *Eligible applicants:*

- Non-profit corporations
- Public bodies
- Native groups

- *Eligible Grant Purposes:*

- Land acquisition
- Construction, conversion, enlargement or repair
- Technical assistance
- Revolving loan funds
- Business incubators

*Funds cannot be used to produce agriculture products through growing, cultivation, or harvesting except for commercial nurseries, timber operations, or limited agricultural production related to technical assistance projects.*



# Rural Business Opportunity Grant Program

## Eligible applicants:

- Non-profit corporations
- Public bodies
- Native groups
- Cooperatives

## Eligible Grant Purposes:

- Technical assistance
- Economic development planning



# Value-Added Producer Grant

The VAPG program is intended to provide grant funds to agricultural producers for planning activities and working capital expenses to assist them in receiving a greater share of the consumer's dollar for value-added agricultural products.



# VAPG Eligibility

- Applicant eligibility
- Matching eligibility
- Product eligibility

# Applicant Eligibility

- Independent Producer
- Farmer or Rancher Cooperative
- Agricultural Producer Group
- Majority-Controlled Producer-Based Business Venture

# Matching Eligibility

- Matching funds of at least 50% of total project costs are required
- Match must be spent at a rate equal to or greater than grant funds
- Match must be provided by the applicant or a third-party in the form of cash or in-kind funds
- Match must be spent on eligible purposes and must be from eligible sources

# Product Eligibility

- Change in physical state (e.g. lamb chops, diced tomatoes)
- Differentiated production or marketing (e.g. organic) - must reference a business plan
- Product segregation (e.g. identity-preserved corn)
- Farm-based renewable energy

# Renewable Energy and Energy Efficiency Improvements Grant Program

Designed to assist small businesses and agricultural producers with energy projects that will reduce America's dependence on fossil fuels.



# RE/EE Program

- Important definitions:
  - **Renewable energy:** Energy derived from a wind, solar, biomass, or geothermal source; or hydrogen derived from biomass or water using wind, solar or geothermal energy sources
  - **Renewable energy system:** A process that produces energy (including fuel) from a renewable energy source
  - **Energy efficiency improvement:** Improvements to a facility or process that reduce energy consumption

# Project Eligibility

- Proposed projects must:
  - Be for the purchase of a renewable energy system or to make energy efficiency improvements
  - Be for a pre-commercial or commercially available and replicable technology, not for research and development
  - Be technically feasible
  - Be located in a rural area (outside Anchorage)



# Grant Funding

- Up to 25% of the eligible project costs
  - The only eligible project costs are those costs outlined in RD Instruction 4280-B
- Applicant provides at least 75% of eligible costs.
  - Applicant in-kind usually not allowed. Third party in-kind may be allowed but is limited.
  - Other Federal grants typically cannot be used as match.

# Grant Funding

- Maximum amount of grant assistance to one individual or entity is \$750,000
- Renewable energy projects:
  - Minimum grant: \$2,500
  - Maximum grant: \$500,000
- Energy efficiency improvement projects:
  - Minimum grant: \$2,500
  - Maximum grant: \$250,000



# Application Process

- Applications submitted to State Office
- SO reviews for completeness and scores
- Technical review done at DOE's NREL
- Results submitted to NO for funding competition
- Funding cycles announced in NOSA each year

# How competitive is the program?

In fiscal year 2007 about 40 percent of the complete applications received by USDA Rural Development were funded. Most awards were between \$10,000 and \$25,000.



# Resources

- <http://www.rurdev.usda.gov> Links to:
  - Available funds
  - Energy Initiatives
  - Regulations (RD Instruction 4280-B)
- <http://www.rurdev.usda.gov/rbs/coops/vadg.htm>
  - Value-Added Producer Grant

# Who to contact?

Dean Stewart, Director of Business Programs

Phone: (907) 761-7722

[dean.stewart@ak.usda.gov](mailto:dean.stewart@ak.usda.gov)

Renee Johnson, Business Programs Specialist

Phone: (907) 761-7712

[renee.johnson@ak.usda.gov](mailto:renee.johnson@ak.usda.gov)



# Additional Information

- Department of Energy
  - National Renewable Energy Lab: <http://www.nrel.gov/programs>
  - Office of Tribal Energy: <http://www.eere.energy.gov/tribalenergy/>
- Database of State (and Federal) Incentives for Renewables & Efficiency <http://www.dsireusa.org/>
- Alaska Energy Authority:  
[http://www.aidea.org/aea/programsalternative\(2\).html](http://www.aidea.org/aea/programsalternative(2).html)
- Alaska Energy Portal: <http://www.akenergy.net/>
- Renewable Energy Alaska Project (REAP):  
<http://www.alaskarenewableenergy.org/>



Committed to the future of rural communities.



Committed to the future of rural communities.